UNITED STATES DEPARTMENT OF AGRICULTURE **ISSUED: April 25, 2013**
OFFICE OF PROCUREMENT AND PROPERTY MANAGEMENT

AGPMR ADVISORY

ADVISORY No. 13-05

Title: Implementation of OMB Memorandum M-12-12 Section 3: Freeze the Footprint

1. SUMMARY

On May 11, 2012, the Office of Management and Budget (OMB) introduced a "Freeze the Footprint" (FTF) policy in Section 3 of OMB Memo 12-12 (M-12-12). On March 14, 2013, OMB issued implementing guidance in "Management Procedures Memorandum No. 2013-02." FTF requires all civilian Executive Branch agencies to maintain a static balance in their directly leased, owned, and General Services Administration (GSA)-assigned building's inventory of Office and Warehouse space as compared to a specific baseline provided by GSA. This means any increases to Office and/or Warehouse type space must be offset with a corresponding square footage (SF) decrease so the U.S. Department of Agriculture (USDA) as a whole does not exceed the baseline in any fiscal year (FY).

The baseline to be used for FTF measurement and evaluation purposes is a combined total for FY 2012 (FY12) of the domestic Office and Warehouse SF that USDA reports to the Federal Real Property Profile (FRPP) and USDA's Office and Warehouse SF located in GSA-assigned space. This baseline was provided by GSA to the Office of Procurement and Property Management's (OPPM) Property Management Division (PMD).

This Policy applies to all new leases and owned real property acquisitions and expansions, including space that is under USDA's direct control and space that is provided by GSA to meet a USDA requirement. PMD manages this policy on behalf of the Department. PMD's responsibilities include issuing USDA agencies their baseline SF allocations, processing agency requests for increases in Office or Warehouse SF that exceed the baseline (net increases), overseeing agency and Departmental SF balances, adjusting agency SF balances to ensure the Department does not exceed the FY12 baseline, developing and implementing internal controls and policies, and compiling an annual report of USDA's effectiveness in complying with this policy for submission to GSA and OMB.

Effective this Advisory's date, USDA agencies may not initiate any action that will constitute a net increase in the agency's Office and Warehouse SF inventory, as compared to its FY12 baseline, without first obtaining Departmental approval. Net increases over the baseline are strictly prohibited without an approved offset or waiver from the Department. Agencies will request approval by submitting the attached "Office and Warehouse Net Space Increase Request" form to PMD.

2. PROCESS and PROCEDURES

A. OVERVIEW

PMD and agencies shall manage FTF using USDA's Corporate Property Automated Information System (CPAIS) data exclusively. CPAIS data will be used to establish an annual SF balance of agencies' Office and Warehouse SF, manage and track agencies' Office and Warehouse SF, and ensure a zero net increase to the Department's overall inventory of such space during a given FY compared to the official baseline. FRPP and GSA assignments baseline data is provided by GSA and posted on PMD's SharePoint site. Agencies are required to enter and maintain current, accurate data in CPAIS as a routine practice regardless of this policy.

Agencies will manage Office and Warehouse space increases internally, or within their own SF inventory, unless an increase is expected to exceed the baseline and the agency is unable to supply a SF reduction to be used as an offset. When no internal space is available to function as an offset, the agency will request that PMD identify SF that can be applied from another agency. If the request is approved, PMD will adjust both agencies' SF balances accordingly. Agencies may also request waivers for net space increases that are deemed to be mission critical and incurred to meet external requirements, such as to house a new legislatively-mandated program or to respond to an emergency.

There is no distinction under FTF between Office and Warehouse SF. The space will be tracked and managed interchangeably as a combined total. This means an increase in Office and/or Warehouse space may be offset by a reduction in Office and/or Warehouse space.

Covered Space. This policy applies only to space where the building's Predominate Use in CPAIS is Office or Warehouse, as defined in the FRPP. Warehouse space includes buildings used for storage such as covered sheds, and buildings primarily used for storage of vehicles or materials, as well as underground or earth covered storage bunkers.

Excluded Space. This policy does not apply to assets in CPAIS whose Predominate Use is not Office or Warehouse, such as Laboratory, Land, water reservoirs and petroleum, oil, and lubricant storage tanks. Airplane hangars are also excluded because they are categorized as service buildings.

B. ACCOUNT MANAGEMENT

1. Baseline. PMD has posted the Departmental baseline (FY12 FRPP and GSA assignments data) and each agency's share of this baseline on PMD's SharePoint site under the "Freeze the Footprint" tab at: https://portal.usda.gov/sites/PMD/default.aspx. The FY12 baseline is the same for every ensuing FY until it is changed by GSA or OMB. Should the baseline change, PMD will immediately notify the agencies and provide updated baseline data.

2. Balance Maintenance. Agencies are responsible for monitoring cumulative year-to-date SF increases and reductions, requesting SF offsets or waivers from the Department as needed, and maintaining a zero net balance in their inventory of Office and Warehouse SF every FY.

3. CPAIS Updates. Agencies must regularly and accurately record all Office and Warehouse SF changes in CPAIS, and are expected to update CPAIS within 5 working days after SF increases and reductions occur. This requirement applies to SF changes in USDA-leased, owned, and GSA-assigned Office and Warehouse space. GSA-assigned inventory updates will reflect the latest Occupancy Agreement (OA) information.

4. SF Space Increase Requests. Agencies that lack internal SF reductions needed to offset a SF increase may request that PMD attempt to locate the required Office and/or Warehouse SF from the Department's inventory. Authority to approve or deny net space increase requests and to allocate offsets rests with the Department's Senior Real Property Officer (SRPO) (Director, OPPM). PMD will ensure that such an increase will not negatively impact the Department's ability to maintain a net neutral Office and Warehouse SF balance. Procedures for submitting a request are outlined in Section 3, "Space Increase Requests." If PMD cannot obtain an offset, a waiver may be granted at the SRPO's discretion.

5. Offsets. Offsets are reductions in Office and/or Warehouse SF that are used to neutralize the impact of a space increase. Only Office or Warehouse space can be used as an offset, and offsets of each space type can be used interchangeably. An agency with a net positive balance may be asked by PMD to provide a SF offset for another agency with a critical mission need to increase its Office or Warehouse SF, and no internal SF reductions are available for this purpose. PMD will increase the requesting agency's SF balance and decrease the contributing agency's SF balance commensurately.

   Offsets result from recorded Office and/or Warehouse SF reductions in CPAIS related to lease expirations, terminations, building sales, reports of excess, disposals, and any other action that removes the asset from the agency's inventory. Agencies are reminded that in addition to these measures, the use of flexible workplace strategies such as telework, hotelling, and space management initiatives like co-location and consolidation, can produce offsets.

Space that may not be used as an offset is property that is “mothballed” or temporarily not occupied or utilized. Also excluded are enhanced use leases (EULs) and outleases of properties that are occupied by a non-government entity that remains titled to the Federal government.

6. Waivers. An agency may request a waiver for any Office or Warehouse SF increase that is deemed to be mission critical and is externally required, such as by Presidential, Congressional or Judicial mandate. Waivers are to be requested using the attached “Office and Warehouse Net Space Increase Request” form. Appropriate justification must be included. PMD may need to obtain approval from GSA and/or OMB to grant a waiver. A waiver may also be granted by the SRPO if no offsetting SF is available in the Department’s Office and Warehouse space inventory to offset a request.

C. TERMINOLOGY

Co-location. This is the merging of two or more components, offices, bureaus or divisions from two or more agencies, where one agency consolidates its components, offices, bureaus or divisions into the host agency’s space.

Consolidation. This is combining one or more components, offices, bureaus or divisions of the same agency in an existing owned Office or Warehouse space, and disposing of the (vacated) space in a leased facility.

Disposal. This is a sale, demolition, lease termination, public benefit conveyance, Federal transfer, or any other action that results in removal of the asset from the agency’s inventory. In the instance of GSA space leased on behalf of another agency, it is the agency rent termination date. A disposal creates an offset in the amount of the SF of the Office or Warehouse space disposed.

Hotelling. This is an arrangement where employees use non-dedicated, non-permanent workspaces assigned for use by reservation on an as-needed basis.

D. STATEMENTS AND REPORTS

Balance Statements. At the beginning of every FY, PMD will post each agency’s Office and Warehouse SF balance on the PMD SharePoint site. (FY12 balances are currently available.)

Annual Departmental Report. On an annual basis, PMD will roll up each agency's CPAIS data and transactional information into a summary Departmental report. This report will show the net difference between the baseline and the year-end SF balance for each agency. Despite any agency variances, the overall Departmental balance is expected to match (or be less than) the Departmental baseline every FY. The report, along with other supporting documentation and data shall be submitted to USDA senior management, GSA and OMB for evaluation. The Department's progress will be published at www.performance.gov.

Ad Hoc Reports. PMD may request agencies to provide CPAIS data, screen captures, additional information and/or ad hoc reports at any time in support of managing this policy.

3. SPACE INCREASE REQUESTS

Agencies will use the attached "Office and Warehouse Net Space Increase Request" (PMD Form 13-05) to apply for Office and/or Warehouse SF increases for which they can identify no offsetting SF reduction from within their own inventory. In other words, it is to be used for net increases only. PMD will attempt to locate a SF offset from another agency or agencies. The Form may also be used to request a waiver.

Actions that do NOT require the agency to submit a request or the SRPO's approval are those that will maintain (not negatively impact or not exceed) the agency's Office or Warehouse SF baseline, or will constitute a net balance reduction. This is frequently the case with lease renewals, succeeding/superseding leases and space consolidations, which either maintain or decrease the agency's SF footprint.

The Form must be signed by the submitting agency's Head of the Real Property Activity (HRPA) (Administrative Services Director or equivalent), the agency's Chief Financial Officer (CFO), and approved by the Department's SRPO (or delegate) prior to the agency taking the proposed action.

Attachments

- "Office and Warehouse Net Space Increase Request" (PMD Form 13-05)
- OMB Memorandum M-12-12
- OMB Management Procedures Memorandum No. 2013-02

AGPMR Advisories are posted at the following web link: http://www.dm.usda.gov/pmd/. If you have questions or comments regarding this Advisory, please contact Paul Walden, Chief Property Management Division on (202) 720-7283, or by sending an email to Paul.Walden@dm.usda.gov.

EXPIRATION DATE: Effective upon issue date until canceled.

Paul Walden, Chief, PMD

AG PMR Advisories are posted on the USDA World Wide Web site at the following URL: http://www.dm.usda.gov/pmd/. If you have questions or comments regarding this advisory, please contact Paul Walden, Chief Property Management Division by telephone at (202) 720-7283, via email at Paul.Walden@dm.usda.gov, or by sending an email message to propertymanagement@dm.usda.gov.

OFFICE AND WAREHOUSE NET SPACE INCREASE REQUEST
April 25, 2013
PMD FORM 13-05

Background:

This form is designed to meet the requirements of the Office of Management and Budget's (OMB) "Freeze the Footprint" Policy described in OMB Memo 12-12 dated May 11, 2012. The Policy is described in USDA's Agricultural Property Management Regulation (AGPMR) Advisory No. 13-05, "Implementation of OMB Memorandum M-12-12 Section 3: Freeze the Footprint," posted on the Office of Procurement and Property Management's (OPPM) Property Management Division (PMD) SharePoint site. The Advisory is also located on PMD's webpage under "Additional Resources (USDA Employees Only)" at http://www.hqnet.usda.gov/pmd/physical_sec_library.html.

Applicability:

Agencies must use this form to request increases in space, whose Predominate Use is Office and/or Warehouse as defined by the Federal Real Property Profile (FRPP), that would exceed the agency's established baseline for such space, and for which the agency has no internally available offsetting SF reduction. Predominate Use is the primary use of the real property asset as noted in the FRPP. For example, buildings used primarily for office purposes are classified as "office" even though certain portions of them may be used for storage or research. Buildings with a Predominate Use of Warehouse are used for storage, and include covered sheds and buildings primarily used for storage of vehicles or materials. Also included are underground or earth covered storage bunkers. Excluded are airplane hangars, water reservoirs and petroleum, oil, and lubricant storage tanks.

Instructions:

1. Submit space increase requests (PMD Form 13-05) at least 30 calendar days in advance of the need to acquire the space, or prior to starting rental payments in the case of leased space.
2. Submit waiver requests at least 45 calendar days in advance of the need for a decision. **Note:** Despite these minimum processing times, requests should be submitted as soon as the need is known, especially in the case of direct leases and GSA Occupancy Agreements that require 18 to 24 months to plan in advance.
3. The Head of the Real Property Activity (HRPA) and Chief Financial Officer (CFO) of the requesting agency must sign the form.

4. Submit the completed form to Debra.Kerr@dm.usda.gov, or mail to:

USDA/OPPM
Property Management Division
ATTN: Debra Kerr, Property Management Specialist
1400 Independence Avenue, SW
Mail Stop 9304
Washington, DC 20250

For assistance completing this form please contact Ms. Kerr at the above email address or by phone on (202) 720-8873.

Warning: Do not execute any lease or other real property contract that obligates the Government to take possession of or pay for the requested space identified in this form until it is returned to the submitting agency after being approved by the SRPO.

Office and Warehouse Net Space Increase Request
PMD Form 13-05

Control Number (to be completed by PMD): ____________________

1. **Date Submitted**: ______________________

2. **Submitter's Contact Information**:

   Name: ____

   Title: ____

   Agency: ____

   Email: ____

   Phone: ____

   Address: ____

   ____

   ____

3. **Space Request Data**

   a. Space Type (Predominate Use). Check one: Office: _____ Warehouse: _____

   b. Square Footage (SF) Requested: ___________

   c. CPAIS Real Property Unique Identification (RPUID) No.: ________________
   (If the space relates to an existing asset in CPAIS.)

d. Property Address:

____

____

____

e. Will the requested space be USDA owned, leased, or GSA assigned?

USDA Owned: _____

USDA Leased: _____

GSA Assigned: _____

Unknown/To Be Determined: _____

f. Comments: ____

____

____

4. **Reason for Space Increase**. Please check all that apply:

a. New Lease: _____
b. New Acquisition (Owned Building only): _____
c. Expansion (Leased or Owned Building): _____
d. Co-Location: _____
e. Consolidation: _____
f. Other: _____. If "Other," please explain: ______________________________________

____

____

5. **Waiver.** Complete this section only if a waiver is being requested. Otherwise proceed to number #6.

   a. Is the SF increase required to meet a mission critical need? Yes: _____ No: _____

   b. How long will the space be needed? ________ months/______years/______Indefinite

   c. Provide justification, e.g. to meet a legislative requirement to establish a new or expanded program or to respond to an emergency:

   ____

   ____

   ____

   Attach available documentation to substantiate the waiver request to the end of this Form. For example, include a copy of the legislative language or a court order that mandates the space increase.

6. **Offset Information**. Describe the proposed SF offset that the agency requests be applied by OPPM. If an offset is not known, leave this section blank and proceed to number. #7.

   a. Agency Name: ____
      (Agency from which the SF offset is sought.)

   b. Property Address:

   ____

   ____

   ____

   c. CPAIS RPUID (if known): __________________

d. Describe date/circumstances for availability: ___________________________________

____

____

7. **Head of Real Property Activity (HRPA) (Requesting Agency Approval)**
(Agency completes prior to submitting this Form.)

Signature: ____

Name: ____

Title: ____

Date: _________________

8. **Chief Financial Officer (CFO) (Requesting Agency Approval)**
(Agency completes prior to submitting this Form.)

Signature: ____

Name: ____

Title: ____

Date: _________________

9. **Senior Real Property Officer (SRPO) Decision**
(To be completed by OPPM.)

a. Space Increase Request is: Approved: _____ Not Approved: _____

If approved, describe source of offset:

b. Agency Name: ____

c. Action to be taken by OPPM:

Increase Requesting Agency SF Balance by: _______________SF.
Decrease Offsetting Agency SF Balance by: _______________SF.

d. Is Request met? Yes: _____ No: _____

If "No," balance remaining: ____________ SF.

e. Description of future action to be taken regarding any outstanding, unmet need:

____

____

f. Estimated timeframe for completion: ______________________________________

g. Waiver granted: Yes: _____ No: _____

10. **Head of Real Property Activity (HRPA) (Contributing Agency Concurrence)**
(Agency providing the offsetting SF completes/PMD coordinates.)

Signature: ____

Name: ____

Title: ____

Date: ________________

11. **Chief Financial Officer (CFO) (Contributing Agency Concurrence)**
(Agency providing the offsetting SF completes/PMD coordinates.)

Signature: ____

Name: ____

Title: ____

Date: ________________

12. **<u>Senior Real Property Officer (SRPO) Approval</u>**
(To be completed by OPPM, as applicable. Approval also provided on behalf of the Departmental Chief Financial Officer.)

Signature: ____

Name: ____

Title: ____

Date: _________________

13. **<u>Attachments</u>.** Attach pertinent information that will help OPPM understand the request. Examples of include CPAIS screen captures, GSA rent bills, Occupancy Agreements and other documentation, such as legislation or an Executive Order, that demonstrates a need for the SF increase. This is especially important to substantiate a waiver.

OMB MEMO M-12-12

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 11, 2012

M-12-12

MEMORANDUM TO THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: JEFFREY D. ZIENTS
ACTING DIRECTOR

SUBJECT: Promoting Efficient Spending to Support Agency Operations

The Federal Government has a responsibility to act as a careful steward of taxpayer dollars, ensuring that Federal funds are used for purposes that are appropriate, cost effective, and important to the core mission of executive departments and agencies (agencies). From the beginning of this Administration, the President has been clear that wasteful spending is unacceptable, and that the Federal Government must strive to be more efficient and effective. That is why the President and the Vice President launched the Campaign to Cut Waste and charged agencies with going line-by-line through their budgets to identify areas of unnecessary spending or opportunities for greater efficiency or cost savings.

As part of this effort, on November 9, 2011, the President signed Executive Order 13589 "Promoting Efficient Spending." In that Executive Order, the President directed each agency to reduce its combined costs in a variety of administrative categories by not less than 20 percent in Fiscal Year (FY) 2013 from FY 2010 levels. Agencies have since developed plans for achieving these cuts, and the President's FY 2013 Budget identifies $8 billion in reduced costs as a result of Executive Order 13589.

To achieve these savings, many agencies have identified and implemented creative and innovative practices to reduce costs and improve efficiencies in such areas as travel, conference expenditures, real estate, and fleet management. There are also other practical steps agencies can take to improve operations, increase efficiency, and cut unnecessary spending. Accordingly, this memorandum describes a series of policies and practices related to activities and expenses in these areas, building on measures already in place at various agencies.

Section 1 – Travel

Travel is often necessary for Federal employees to discharge their duties effectively and the travel industry plays an important role in creating jobs and supporting local economies; however, as good stewards of Federal funds, agencies must do all they can to manage their travel budgets efficiently. Accordingly, in FY 2013, each agency shall spend at least 30 percent less on travel expenses covered by this memorandum than in FY 2010.[1] Agencies must maintain this reduced level of spending each year through FY 2016. For the purposes of this section only, the term "agency" means any agency described in 31 U.S.C. 901(b).

In consultation with the Office of Management and Budget (OMB), agencies shall direct all immediate savings achieved through this reduction towards investments that improve the transparency of and accountability for Federal spending and therefore serve taxpayers by further reducing wasteful spending over the long-term. Investments should include activities necessary to provide more robust tracking and public reporting of Federal spending, as well as internal audits and investigations to root out fraud and error in Federal programs and activities.

No later than 90 days from the date of this memorandum, agencies shall report to OMB on the proposed reduction in travel expenses as a result of this requirement. Information provided to OMB should include the amount of the proposed reduction in travel expenses, the amount of FY 2010 travel expenses obligations subject to this section that provides a baseline for measuring the required reductions, and the amount of FY 2010 obligations for travel expenses that are excluded from this baseline. The agency may exclude certain travel expenses from reduction only if the agency head determines that inclusion of such expenses as part of the 30 percent reduction target would undermine such critical government functions as national security, international diplomacy, health and safety inspections, law enforcement, or site visits required for oversight or investigatory purposes.[2] Excluded travel expenses will not be part of the baseline that agencies use in calculating the 30 percent reduction target or subject to reduction themselves. In determining how to reduce travel expenses, agencies should consult and collaborate with their Inspectors General (IG) on the appropriate ways to reduce travel for oversight and investigatory purposes, while maintaining the independence and capacity of IGs.

In addition, agencies shall include in their FY 2014 budget submission to OMB a description of how they will make these travel reductions sustainable, including the specific process changes and technology investments necessary to reduce their reliance on travel.

In addition, to assist agencies in achieving these reductions in travel expenses, no later than 180 days from the date of this memorandum, the Department of Defense and the General Services Administration (GSA), in consultation with OMB, shall review the Joint Federal Travel Regulations and the Federal Travel Regulation (FTR) to ensure that the policies reduce travel costs without impairing the effective accomplishment of agency missions. This review shall, at a minimum, establish or clarify policies that:

(a) increase Federal employee sharing of rental automobiles and taxis when appropriate;

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[1] "Travel expenses" are defined as obligations categorized under budget object class 21.0 (travel and transportation of persons), which is described in OMB Circular A-11 (section 83.6). In some cases, travel expenses may also include travel funded outside of this object class. OMB will provide additional guidance to affected agencies on areas outside of this object class that should be included in the reductions required by this memorandum.

[2] For example, the Attorney General may determine that some portion of the travel by Federal Bureau of Investigation agents is necessary to investigate specific criminal activity and should be excluded from the baseline of travel expenses from which the 30 percent reduction would be taken. Similarly, the Secretary of Health and Human Services may determine that a portion of the travel by Food and Drug Administration inspectors is necessary to ensure the health of the public and should be excluded from the baseline subject to the 30 percent reduction.

(b) ensure that Federal employees receive a per diem reimbursement only to the extent costs were incurred and not reimbursed by another party;

(c) promote the identification and use of non-contract air carriers that, if used, will result in a lower total trip cost to the Government;

(d) expand and leverage the Government's purchasing power to reduce travel costs associated with hotels and rental cars;

(e) ensure that, whenever practicable, Federal employees arrange airfare in a manner that results in the lowest price available when traveling on domestic flights, including appropriately timing the purchase of airfare; and

(f) ensure that agencies have controls in place to collect refunds for unused or partially used airline tickets for Federal employees who have purchased airfare, consistent with existing requirements in the FTR and Federal Management Regulation (FMR).[3]

Section 2 – Conferences

As part of the effort to safeguard Federal funds, agencies should focus on expenses related to conference sponsorship, conference hosting, or attendance of Federal employees at conferences sponsored or hosted by non-Federal entities.[4] Federal agencies and employees must exercise discretion and judgment in ensuring that conference expenses[5] are appropriate, necessary, and managed in a manner that minimizes expense to taxpayers.

On September 21, 2011, OMB issued Memorandum 11-35, "Eliminating Excess Conference Spending and Promoting Efficiency in Government." That memorandum instructed all agencies "to conduct a thorough review of the policies and controls associated with conference-related activities and expenses." In accordance with that memorandum, Deputy Secretaries (or their equivalents) thoroughly reviewed the policies and controls associated with conference-related activities and expenses to mitigate the risk of inappropriate spending.

To expand upon these efforts, this memorandum outlines a series of new policies and practices for conference sponsorship, hosting, and attendance to ensure that Federal funds are used

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[3] See FTR 301-72.100, 301-72.101, 301-72.300; also see FMR 102-118.

[4] "Conference" is defined in this memorandum as it is in the FTR, as "[a] meeting, retreat, seminar, symposium or event that involves attendee travel. The term 'conference' also applies to training activities that are considered to be conferences under 5 CFR 410.404." See 41 CFR 300-3.1.

[5] "Conference expenses" are defined as all direct and indirect conference costs paid by the Government, whether paid directly by agencies or reimbursed by agencies to travelers or others associated with the conference, but do not include funds paid under Federal grants to grantees. Conference expenses include any associated authorized travel and per diem expenses, hire of rooms for official business, audiovisual use, light refreshments, registration fees, ground transportation, and other expenses as defined by the FTR. All outlays for conference preparation and planning should be included, but the Federal employee time for conference preparation should not be included. The FTR provides some examples of direct and indirect conference costs included within conference expenses. See 41 CFR 301-74.2. Conference expenses should be net of any fees or revenue received by the agency through the conference and should not include costs to ensure the safety of attending governmental officials.

appropriately on these activities, and that agencies continue to reduce spending on conferences where practicable:

- **Initiate senior level review of all planned conferences** – Expanding upon the requirements of OMB Memorandum 11-35, agency Deputy Secretaries (or their equivalents) shall initiate review of planned spending for every upcoming conference that is to be sponsored or hosted by the agency (or by other Federal or non-Federal entities) where net conference expenses by the agency will exceed $100,000. Agencies must ensure that the conference expenses and activities comply with the FTR directives and executive branch policies on conferences as well as the Federal Acquisition Regulation (FAR) requirements on contracting goods and services. Until these reviews are completed, agencies shall suspend incurring obligations for conferences to which the agency has not yet committed.

- **Initiate senior level approval of all future conference expenses in excess of $100,000** – Following the review of planned conferences, Deputy Secretaries (or their equivalents) shall continue to approve the spending for all proposed new conferences to be sponsored or hosted by the agency (or by other Federal or non-Federal entities) where the net conference expenses by the agency will be in excess of $100,000. Agencies must ensure that no Federal funds are used for unnecessary or inappropriate purposes and that all conference expenses and activities comply with both the FTR and the FAR requirements on lodging, food and beverages, per diem reimbursement, and contracting of goods and services. In addition, agencies should ensure that conference attendance and expenses are limited to only the levels required to carry out the mission of the conference.

- **Prohibit expenses in excess of $500,000 on a single conference** – An agency shall not incur net expenses greater than $500,000 from its own funds on a single conference, including conferences that are sponsored or hosted by the agency (or by other Federal or non-Federal entities). The agency head may provide a waiver from this policy if he or she determines that exceptional circumstances exist whereby spending in excess of $500,000 on a single conference is the most cost-effective option to achieve a compelling purpose. The grounds for any such waiver must be documented in writing by the agency head.

- **Report publicly on all conference expenses in excess of $100,000** – Agencies shall report on conference expenses on a dedicated place on their official website. By January 31 of each year (beginning on January 31, 2013), the agency head shall provide a description of all agency-sponsored conferences from the previous fiscal year where the net expenses for the agency associated with the conference were in excess of $100,000. This description shall include:
    - the total conference expenses incurred by the agency for the conference;
    - the location of the conference;
    - the date of the conference;
    - a brief explanation how the conference advanced the mission of the agency; and
    - the total number of individuals whose travel expenses or other conference expenses were paid by the agency.

In addition, for any instances where the net expenses for an agency-sponsored conference exceeded $500,000, the website shall include the agency head's waiver that identified the exceptional circumstances that necessitated exceeding this threshold. Finally, the website shall include information about the net conference expenses for the fiscal year incurred by that agency as well as a general report about conference activities throughout the year.

In reporting these data, agencies shall exclude any information that is considered to be sensitive, is prohibited from public disclosure by statute or regulation, or may jeopardize national security or the health, safety or security of conference attendees, organizers, or other individuals.

Section 3 – Real Property

Agencies must also move aggressively to dispose of excess properties held by the Federal Government and make more efficient use of the Government's real estate assets. Agencies are already streamlining operations and using existing properties to meet the directive in the June 10, 2010 Presidential Memorandum (Disposing of Unneeded Federal Real Estate—Increasing Sales Proceeds, Cutting Operating Costs, and Improving Energy Efficiency) to produce no less than $3 billion in civilian real property cost savings by the end of FY 2012.

As of the date of this memorandum, agencies shall not increase the size of their civilian real estate inventory, subject to exceptions as described below. Acquisition of new Federal building space (where approval of such acquisition occurs following the date of this memorandum) that increases an agency's total square footage of civilian property must be offset through consolidation, co-location, or disposal of space from the inventory of that agency. In identifying consolidations, co-locations, or disposals of property to offset acquisition of new Federal building space, an agency may include civilian buildings from its own inventory that were, in accordance with the June 10, 2010 Presidential Memorandum, reported as excess to the GSA or otherwise disposed of.

Additional guidance will be provided for carrying out this section, including defining those properties to which this section applies and when a property may be identified as an offset, as well as establishing a process to identify exceptions to this section's requirements where appropriate, such as to comply with legal requirements, to reduce costs, to protect national security, or to allow for the effective accomplishment of agency missions.

Section 4 – Fleet Management

In furtherance of the May 24, 2011 Presidential Memorandum (Federal Fleet Performance), and to optimize the management of Government-owned vehicles, agencies shall use existing GSA fleet services, or initiate a replacement and renewal schedule that is consistent with the requirements of the FMR[6], whereby standard sedans operate on a replacement schedule of at least three years or until the vehicle has been driven in excess of 60,000 miles (whichever comes first), unless material defects prevent the vehicle from operating in a safe manner or if replacement would save the agency money over the life of the vehicle. GSA shall periodically review such policies for opportunities to further improve efficiency.

[6] See FMR 102-34.270.

Within 90 days of the date of issuance of this memorandum, OMB, in consultation with GSA, will provide agencies with additional guidance on carrying out the provisions in Sections 3 and 4 of this memorandum.

Questions regarding the policies and practices outlined in this memorandum should be directed to the Office of Federal Financial Management at OMB (202-395-3993).

OMB MPM 2013-02

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE CONTROLLER

March 14, 2013

MANAGEMENT PROCEDURES MEMORANDUM NO. 2013-02

MEMORANDUM FOR:	ALL EXECUTIVE AGENCIES
FROM:	Danny Werfel Controller
SUBJECT:	Implementation ofOMB Memorandum M-12-12 Section 3: Freeze the Footprint
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Summary:

Consistent with Section 3 ofthe Office ofManagement and Budget Memorandum (OMB) M-12-12, *Promoting Efficient Spending to Support Agency Operations,* all Chief Financial Officers (CFO) Act Executive Branch departments and agencies (agencies) shall not increase the total square footage of their domestic office and warehouse inventory compared to the FY 2012 baseline.[1] This Memorandum clarifies the "Freeze the Footprint" policy.

As explained below; OMB and the General Services Administration (GSA) will annually monitor the continuing implementation of this policy. As part of this process, each agency will develop and submit a Revised Real Property Cost Savings and Innovation Plan, and in future years, an Annual Agency Evaluation, which will describe the agency's overall approach in managing its real property usage and spending.

Actions Required:

1. **Freeze the Footprint.**

   On an annual basis, an agency shall not increase the size of its domestic real estate inventory, measured in square footage, for space predominately used for offices and warehouses. In general, while progress in meeting the "Freeze the Footprint" policy will be based on an annual evaluation of an agency's total office and warehouse square footage compared to its FY 2012 baseline, there may be circumstances where an agency has exceeded its square footage baseline in a given year, but the agency is nevertheless in compli nce with the "Freeze the Footprint" policy based on the timing of already-

[1] See Glossary of Tenns for definitions of these types of assets.

identified offsets or a net reduction of costs relative to its square footage baseline.

a. *Baseline for Measurement.* An agency's total square footage for office and warehouse space shall remain at its FY 2012 baseline leveL Agency baselines will be calculated based on the FY 2012 Federal Real Property Profile (FRPP) data, FY 2012 GSA Occupancy Agreements (OAs), and FY 2012 agency Leasing Agreements (for each agency that has independent leasing authority). GSA will consolidate this information and submit to each agency for review. Within (14) days of receipt, each agency may provide comments and additional information to GSA for GSA's consideration.

b. *Requirements for Offsets?*

    i. On an annual basis, an agency must offset any growth in total office and warehouse space with other corresponding reductions in total office or warehouse space, so as to ensure that there is no net increase in the size of these real property assets, compared against the FY 2012 baseline.

    ii. A disposal creates an offset in the amount of the square footage of the office or warehouse space disposed. The agency's declaration of a property as "excess" to GSA will count as an offset. Additionally, office and warehouse properties located at military installations closed or realigned as part of a Defense Base Realignment and Closure (BRAC) process will count as an offset. For GSA space leased on behalf of another agency, that agency's disposal of the space is recognized as occurring on the agency rent termination date.

    iii. An agency may <u>not</u> use as an offset:

        a) Properties that the agency has "mothballed" (i.e., property is temporarily not occupied or utilized).

        b) Enhanced use leases (EULs) and outleases.

c. *Strategies to Promote Full Implementation of the "Freeze the Footprint" Policy*

    i. Co-locations and Consolidations. Each agency should work collaboratively with other agencies and GSA to find opportunities for smarter space usage through co-locations and consolidations. Each agency should first consider and pursue available co-location opportunities within the Federal real estate inventory, especially those that will result in no net growth of the overall Federal real estate inventory.

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[2] GSA is subject to the offset requirement for space that it uses for its own agency operations. The offset requirement does not apply to GSA for space that GSA maintains, leases, or otherwise obtains for the operations of other Federal agencies.

ii. Consultation with GSA. Further, each agency should consult with GSA on how to use technology and space management to consolidate, increase occupancy rates in facilities, and eliminate lease arrangements that are not cost or space effective.

2. The Revised Real Property Cost Savings and Innovation Plans.

By May 15, 2013, each agency shall develop and submit to GSA a 3-year Revised Real Property Cost Savings and Innovation Plan. This plan will be a revision of each agency's 2010 Real Property Cost Savings and Innovation Plan with a narrower focus, and prospective analysis of real property spending for the next three fiscal years, as outlined below (i.e., the 2013 plan shall cover FY 2013 through FY 2015).[3]

Every third year thereafter, each agency shall submit a Revised Real Property Cost Savings and Innovation Plan within 120 days after the deadline for agencies to submit their data to the FRPP.

The agency's Senior Real Property Officer (SRPO) and Chief Financial Officer (CFO) shall certify that the plan is complete and accurate. Each Revised Real Property Cost Savings and Innovation Plan-which should be as concise as possible and not exceed 20 pages-must include each of the following components:[4]

a. *Plan to Maintain FY 2012 Footprint.* Each agency shall include:

i. A spreadsheet that identifies agency space acquisitions and offsets over the three-year planning period. The spreadsheet shall include the following column headers and appropriate data: FRPP Real Property Unique Identifier;[5] Office or Warehouse; City; State; Zip Code; Estimated Date the Asset will Leave the Inventory or Estimated Date the Agency will Begin Occupation ofNew Space;

ii. A narrative description of the strategies and policies an agency will utilize carry out mission and program priorities while working towards freezing real property growth;

iii. Planned consolidation, co-locations, disposals, new construction projects, and leases; and

iv. At least three examples of planned consolidation, co-locations, and

[3] The original Real Property Cost Savings and Innovation Plans were submitted to OMB under Management Procedures Memorandum No. 2010-07.
[4] If a section does not apply, please indicate "Not Applicable."
[5] For GSA assignments, each agency shall include the OA number.

disposals that can be updated and tracked publically.

b. ***Documentation of Costs.*** Each agency shall include:

i. The total dollar amount spent on an agency's current total Federal and private-sector leasing costs; and

ii. A quantitative analysis and discussion of each agency's current total leasing costs and how each agency plans to control leasing and other costs in the future.[6]

c. ***Explanation of Efficiency.*** Each agency shall include:

i. An analysis and discussion of what actions the agency is taking to maximize and increase efficiency in its utilization of space; and

ii. Cost effective alternatives to acquisition, such as consolidation, co-location, teleworking, and "hoteling."

d. ***Description of Internal Controls.*** Each agency shall describe the methods and procedures for complying with the "Freeze the Footprint" policy. These controls may include, but are not limited to:

i. The processes through which the agency will identify and execute offsets when acquiring additional office and warehouse space;

ii. Internal reviews and certification processes, where all new leases, acquisitions, expansions, or other growth in the agency's office and warehouse space, at all locations, require approval by the CFO or SRPO, before they can be implemented;

iii. Processes for agency bureaus to coordinate all office and warehouse acquisitions with the CFO (or identified delegate) and SRPO; and

iv. Tracking of all domestic agency office and warehouse increases and offsets, netting to zero annually.

3. **The Annual Agency Evaluation.** 120 days after final FRPP submission,[7] and on an annual basis thereafter, each agency's SRPO and CFO shall develop and submit to GSA an evaluation ofthe agency's compliance with the "Freeze the Footprint" policy. On

[6] This may be accomplished through decreasing space usage, relocating to less expensive space, making more efficient use of space, or working with GSA to find other cost-effective solutions.
[7] The first Annual Agency Evaluation will be due 120 days after the FRPP submission in 2014.

years when an agency submits a Revised Real Property Cost Savings and Innovation Plan, the agency shall include the Annual Agency Evaluation as part of the Revised Real Property Cost Savings and Innovation Plan. Each agency evaluation-which should not exceed 10 pages-shall include:

a. *Analysis of Performance.* A discussion of the agency's year-end performance benchmarked against the information contained within its Revised Real Property Cost Savings and Innovation Plan. A comparison of the agency's total square footage from the previous fiscal year, compared to the current fiscal year.

b. *Adjustments.* Any necessary adjustments to the agency's Revised Real Property Cost Savings and Innovation Plan, including a detailed narrative and analysis for why these adjustments are necessary.

4. **Government-Wide Internal Controls.** GSA and OMB will take the following actions to improve the consistency and accuracy of information used to measure agency performance:

   a. ***Update to OMB Circular A-136 and Audit Bulletin 07-04.*** OMB will update OMB Circular No. A-136, *Financial Reporting Requirements,* to include reporting requirements on "Freeze the Footprint" activities. In addition, OMB will update OMB Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements,* to include a requirement to review agency internal controls for the "Freeze the Footprint" policy.

   b. ***GSA Monitoring.*** On an annual, calendar year, basis, GSA will analyze agency data submitted to the FRPP and agency OA data maintained by GSA to measure compliance with the policy. GSA will perform data integrity tests on agency-submitted FRPP and OA data that will help ensure the information is valid and reliable. Further, GSA will provide preliminary data analysis and recommendations to OMB for further discussion with each agency on each agency's Revised Real Property Cost Savings and Innovation Plans and Annual Agency Evaluation.

   c. ***GSA Reporting.*** On an annual, calendar year, basis, as established in 1(a) and 4(b) of this Memorandum and consistent with the FRPP reporting cycle, GSA will transmit a report to OMB that lists each agency's current-year office and warehouse square footage compared to its FY 2012 baseline. GSA will submit the report to OMB within 60 days after deadline for agencies to submit their data to the FRPP.

5. **Annual Compliance Review.** On an annual, calendar year, basis, OMB will review agency compliance with the "Freeze the Footprint" policy. In consultation with GSA, the review will be based on: current year agency square footage compared to FY 2012 baseline, the Revised Real Property Cost Savings and Innovation Plan, and the Annual Agency Evaluation.

6. **Transparency.** On an annual, calendar year basis, and after consultation with GSA and the agencies, OMB will update Performance.gov with information on each agency's square footage baseline and annual progress associated with the "Freeze the Footprint" policy. Further, OMB shall track the progress of select projects provided in agency Revised Real Property Cost Savings and Innovation Plans on Performance.gov.

Glossary of Terms:

Co-location. For the purposes of this Memorandum, a co-location is the merging of two or more components, offices, bureaus or divisions from two or more agencies, where one agency consolidates its components, offices, bureaus or divisions into the host agency's space.

Consolidation. For the purposes of this Memorandum, a consolidation is combining one or more components, offices, bureaus or divisions, of the same agency in an existing owned office or warehouse space, and disposing of the square footage in a leased facility.

Enhanced use leases (EULs) and outleases. For the purposes of this Memorandum, enhanced use leases and outleases are properties occupied by a non-government entity that remain titled to the Federal government.

Disposal. For the purposes of this Memorandum, a disposal is a sale, demolition, lease termination, public benefit conveyance, Federal transfer, or any other action that results in the removal of the asset from the inventory of the agency.

Hoteling. For the purposes of this Memorandum, hoteling is an arrangement where employees use non-dedicated, non-permanent workspaces assigned for use by reservation on an as-needed basis.

Office Space (From FRPP Data Dictionary). Buildings primarily used for office space or military headquarters

Warehouse Space (From FRPP Data Dictionary). Buildings used for storage, such as ammunition storage, covered sheds, and buildings primarily used for storage of vehicles or materials. Also included are underground or earth covered ammunition storage bunkers and magazines. This category excludes water reservoirs and petroleum, oil, and lubricants storage tanks which are storage structures.